

Mississippi Interest and Penalty on Underestimate of Corporate Income Tax

INSTRUCTIONS See reverse side. Review Regulation 1121 for guidance on payment of estimated income taxes.

For Calendar Year **or** Fiscal Year Ending **or**

Short Period Beginning and Ending

Name of Corporation

FEIN:

1. Current year Mississippi Net Income Tax Due from: C-Corporation, Form 83-105, Page 1, Line 7; or S-Corporation, Form 85-105, Page 1, Line 7.

2. Multiply Line 1 by 90%.

3. Prior year Mississippi Income Tax Liability (If no prior Mississippi Income Tax Return was filed or the prior year return was for less than 12 months, do not complete this line.)

4. Enter the Lesser of Line 2 or Line 3. (See Regulation 1121 for Limitations - Large Corporations, Loss Carryforwards, Mergers, etc.)

5. Line 4 divided by four.

Penalty Computation	(a) 15th of 4th Month of Year	(b) 15th of 6th Month of Year	(c) 15th of 9th Month of Year	(d) 15th of 12th Month of Year
6. Enter Amount from Line 5 in each Column, or if Annualizing Income, the Tax Due each Quarter from Annualizing. The Cumulative Total should not be less than 90% of the Income Tax that is due for the Year.				
7. Enter Actual Estimated Tax Paid each Quarter.				
8. Enter in Column (a) any Overpayment from previous Year. Enter in Column (b), (c), or (d) any excess from previous quarter.				
9. Line 6 minus Lines 7 and 8. (If the result is a negative number, enter "0" and carry Excess as a Positive Figure to next Quarter's, Line 8.)				
10. Penalty Due (Line 9 multiplied by 10%.)				

Interest Computation	(a) 15th of 4th Month of Year	(b) 15th of 6th Month of Year	(c) 15th of 9th Month of Year	(d) 15th of 12th Month of Year
11. Enter the <u>Cumulative</u> Tax Liability (From Line 6)				
12. Enter the <u>Cumulative</u> Estimated Taxes Paid Plus any Overpayment from Prior Year.				
13. Line 11 minus Line 12 (If zero or negative, enter "0", otherwise enter the result.)				
14. Interest at the Rate of 1% per Month from the Payment Due Date until Paid or the Next Payment Date, whichever is Earlier. (Maximum of 2%, 3%, 3%, and 3%)	%	%	%	%
15. Interest Due (Line 13 Multiplied by Percentage on Line 14)				

16. Total Penalty Due (Total of Line 10, Columns (a), (b), (c), and (d))

17. Total Interest Due (Total of Line 15, Columns (a), (b), (c), and (d))

18. Total Interest and Penalty Due (Line 16 plus Line 17). Enter here and on: C-Corporation, Form 83-105, Page 1, Line 9; or S-Corporation, Form 85-105, Page 1, Line 9.

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Regulation 1121, Estimated Tax Payments

A. Individual Estimated Tax Payments

Intentionally not reproduced.

B. Corporate Estimated Tax Payments

Every corporate taxpayer with an annual income tax liability in excess of two hundred dollars (\$200) must make estimated tax payments. These estimated tax payments must not be less than ninety percent (90%) of the annual income tax liability. Any taxpayer who fails to file an estimated tax return and pay the tax within the time prescribed or underestimates the required amount shall be liable for penalty of ten percent (10%) plus interest of one percent (1%) per month on underpayment of tax from the date payment is due until paid.

The total estimated tax may be paid on or before the fifteenth day of the fourth month of the income year of the taxpayer or, at the election of the taxpayer, the estimated tax may be paid in four equal installments on forms furnished by the Commissioner. The returns and payments are due on or before:

- a. The 15th day of the 4th month of the income year,
- b. The 15th day of the 6th month of the income year,
- c. The 15th day of the 9th month of the income year,
- d. The 15th day of the 12th month of the income year.

Exceptions:

No interest or penalty will be charged for underpayment of estimated tax, except "large" corporations, if the estimated tax payments for current year are equal to or more than the prior year's tax liability provided a return was filed and the return covered a period of twelve (12) months. A "large corporation" - one with Mississippi taxable income of at least \$1 million in any one of the three immediately preceding tax years - is prohibited from using its prior year's tax liability, except in determining the first installment of its tax year. Any reduction in a large corporation's first installment as a result of using the prior year's tax must be recaptured in the corporation's second installment. In applying the \$1 million test, taxable income is computed without regard to net operating loss or capital loss carryforwards or carrybacks. The estimated tax payments on large corporations must be at least ninety percent (90%) of the actual tax due for the current tax year.

If the reporting corporation of a controlled group of corporations filing in Mississippi and using the consolidated or combined income tax return election reports at least \$1 million of Mississippi taxable income, which is made up of the sum of all income or losses of the members of the group, then the group and/or reporting corporation will be considered a large corporation even if another member of the group becomes the reporting corporation. Additionally, if one or more members of a controlled group of corporations filing in Mississippi using the consolidated or combined income tax return election reports at least \$1 million of taxable income then the group will be considered a large corporation even though the sum of all income or losses of the members of the group is less than \$1 million as reported by the reporting corporation.

A corporation may annualize its income for estimated tax payments, but the total estimated tax payments for the tax period must be at least ninety percent (90%) of the tax on the basis of current Mississippi income and must be paid by the last estimate.

A corporation may not use more than one exception. It cannot annualize and also use last year's tax paid.

If a corporation is classified as a large corporation and is merged, liquidated or combined in any fashion into a corporation which is not classified as a large corporation, then the surviving corporation will be classified as a large corporation.